

January 14, 1986 LB 593, 599

General File to Enrollment & Review for Review. Please record your vote. Record the vote, Mr. Clerk.

CLERK: 28 ayes, 0 nays on the motion to advance the bill, Mr. President.

PRESIDENT: LB 599 is advanced. Next we take up LB 593.

CLERK: Mr. President, 593 is a bill introduced by Senator Barrett. (Read title.) The bill was first read on January 22 of last year. It was referred to the Banking, Commerce and Insurance Committee for public hearing. The bill was advanced to General File. The Committee amendments were considered in March of last year. At that time they were adopted, Mr. President. I do have a series of amendments pending.

PRESIDENT: What is the first amendment? Before we take up the amendments, Senator Barrett do you want to explain the bill. May we have order in the Chamber, please. (Gavel.) Senator Barrett.

SENATOR BARRETT: Thank you, Mr. President and members, perhaps just a very brief review of LB 593. It is a bill which has been suggested and recommended by the Department of Insurance and the Nebraska Life and Health Insurance Guaranty Association. You will perhaps remember that Nebraska does have two guaranty associations, one for property and liability insurance, one for life and health insurance. We are dealing specifically with life and health insurance insofar as LB 593 is concerned. It does make three or four changes in the present law. The bottom line is simply that it will protect Nebraska policyholders for claims which they might have against an insurance company which becomes insolvent, insolvent. It is a safety net, an umbrella. The association was enacted in about 1975. I think it was because primarily of the near insolvency of the old Pioneer Insurance Company which many of you may remember. Since it has become operational, the Guaranty Association has been enacted on two different occasions, one for a Missouri company, and one I believe for an Iowa domiciled company. The important thing to remember there is that it works. It has worked on two occasions. I am sure it will continue to work although I hope it is not necessary. That essentially is it. We are trying to restrict coverage, incidentally, with 593, limiting the